

Bitter Dispute Takes Hungarian Writers, Party by Surprise

By Henry Kamm
New York Times Service
BUDAPEST — The Hungarian Communist leadership is embroiled in an angry dispute with a majority of the country's writers that has left both sides puzzled about how to restore their long-standing, mutually tolerant relationship.

November, rejected overt party pressure to suppress critical voices among the union's 600 writers.
By majority vote, the writers then struck the names of party favorites from the list of candidates for their board of directors and elected a middle-of-the-road, nonparty leadership.

writers is that the leadership of Janos Kadar is not doing anything to ease the plight of the more than two million ethnic Hungarians living in neighboring Communist countries.
The belief is widespread among Hungarians that their compatriots, whom two lost wars in this century have placed outside Hungary's borders, are discriminated against, particularly in Romania, where most live.

cost of huge extra work by many who hold state and private jobs and of excessive striving for private wealth.
"We used to have a lot of equality and little freedom," a Communist writer said to an acquaintance. "Now we have much more freedom but much less equality."

that further angered the party. A high-ranking cultural official, Lenart Pal, accused the union of wanting to become an opposition body. Before the convention, Communist Party members in the union, who number about 120, were instructed to see to it that a compliant leadership was elected, according to a member.
The party secretary for agitation and propaganda, Janos Berecz, acting according to general belief, on behalf of Mr. Kadar, opened the convention with what many writers considered a menacing speech. Several members responded by rejecting the threats and asking the party to recognize democratic practices in intellectual life.

WORLD BRIEFS

Spain to Eliminate High School Fees
MADRID (UPI) — The Education Ministry, beginning a new round of talks with student leaders, announced Tuesday the abolition of public high school fees and the waiving of similar charges for many university students.

Education Minister José María Maravall announced the measures at a news conference coinciding with the new round of talks between student leaders and his ministry over changes in the education system that had prompted two months of protest.
Mr. Maravall said yearly fees of about \$14 at state-run high schools would be eliminated. He also said college students from families with monthly incomes of less than \$1,070 would be exempt from paying annual fees of about \$284 at Spain's 30 state universities.

Sweden Delays Soviet Show on Palme
STOCKHOLM (AP) — Swedish national television has rescheduled a Soviet drama-documentary about the slaying of Prime Minister Olof Palme after objections from the U.S. Embassy and Mr. Palme's brother.

American on Berlin Wall Is on Trial
BERLIN (AP) — John Runnings, 69, an American who has demonstrated repeatedly atop the Berlin Wall to protest its existence, is on trial in East Berlin for violating the East German border, a spokeswoman for the U.S. Embassy said Tuesday.

Lehman Formally Quits U.S. Navy Job
WASHINGTON (AP) — Navy Secretary John F. Lehman Jr. made formal his resignation on Tuesday, and Pentagon sources said that James H. Webb Jr., a highly decorated Vietnam veteran who is also best-selling author, had been selected to replace him.
Mr. Webb, currently the assistant defense secretary for reserve affairs, declined to discuss his plans. But officials, speaking on condition they not be named, said that Defense Secretary Caspar W. Weinberger had prevailed upon him to cancel his retirement plans and replace Mr. Lehman. The White House refused to confirm or deny that Mr. Webb would replace Mr. Lehman.

Demjanjuk Trial Allows Details on Nazi Killings
JERUSALEM — A lawyer for John Demjanjuk, the alleged Nazi war criminal, failed to persuade an Israeli court on Tuesday to forgo hearing grisly testimony on the killing of hundreds of thousands of Jews at the Treblinka death camp during World War II.
Yoram Sheftel, a defense attorney, compared the proceedings against the former U.S. auto worker to what he called show trials held in the Soviet Union under the rule of Stalin.

U.S. Complains Czechs Detain Activists
VIENNA (Reuters) — A dispute broke out at an international conference here Tuesday over the Czechoslovak police preventing a meeting between human rights activists and U.S. congressmen in Prague, Western delegates reported.
They said the U.S. ambassador, Sam Wise, called on the Czechoslovak delegation at a closed session of the Conference on Security and Cooperation in Europe for an explanation of "this deplorable and incomprehensible situation."

Irish Vote In 'Brisk Turnout'
DUBLIN — The Irish voted Tuesday in a general election that opinion polls indicated would end in defeat for Prime Minister Garret FitzGerald but might deny his challenger, Charles Haughey, an outright majority.
Irish state radio estimated that about one-sixth of the electorate had voted by noon and called it "a brisk turnout." At the last general election in 1982, 72.8 percent of those eligible voted.

Gates Says He Avoided Contra Subject
WASHINGTON (AP) — Robert M. Gates, President Ronald Reagan's nominee to head the Central Intelligence Agency, testified Tuesday at his confirmation hearings that he had heard only "fimsy speculation" about the diversion of profits from the Iranian arms sales to Nicaraguan guerrillas before the matter became public in November.
Mr. Gates, 43, said that during a lunch with Lieutenant Colonel Oliver L. North, the principal White House figure in both the arms sale and the diversion, Colonel North made a "cryptic remark about Swiss accounts and the Contras," or Nicaraguan rebels, but he did not pursue the comment, he said.

For the Record
The execution of six Iraqis for corruption has been approved by President Saddam Hussein, the Baghdad press said Tuesday. They were convicted of receiving bribes from foreign companies for information to help with contracts. They include a former Baghdad mayor, Abdul Wahab Mohammed Latif al-Mufli.
Hezbollah will be asked to ratify their new constitution on March 29, the National Government Council announced Tuesday. (APF)



Edward Stubin, an American who exports used clothing, examining secondhand garments at the Kinshasa market.

Secondhand Trade
A Boom Market for Used Clothing From U.S. in Sub-Saharan Africa

By James Brooke
New York Times Service
KINSHASA, Zaire — The latest garments for sale at the marketplace in Kinshasa are unveiled by a saleswoman brandishing a sharp knife. She cuts open a 100-pound (45-kilogram) bale, and as a crowd of customers surges forward, old spill-sleeve polo shirts, khaki short-sleeve shirts and cotton pants.

ed almost \$7.4 million worth of used clothing — roughly the equivalent of one million 100-pound bales.
Last year, local textile manufacturers spread a rumor that imported clothing was infected with the deadly AIDS virus. The notion that acquired immune deficiency syndrome can be spread in such a way has been rejected and the rumor had no effect on business, traders say.

Mr. Rawji joked as he sat in an air-conditioned cafe here, about five degrees south of the equator.
Zairean importers are also constrained by a national dress code imposed in the early 1970s by Zaire's president, Mobutu Sese Seko. Promulgated under the name of "authenticity," this code forbids men to wear Western coats and ties and forbids women to wear slacks.

Mr. Sheftel told the three-member court that the defense accepted the sections of the 24-page indictment that detailed the mass murder of Jews and there was no need to expand on the subject at the trial.
The court president, Dov Levin, rejected the petition and allowed the first prosecution witness, Yitzhak Arad, director of the Yad Vashem Holocaust Memorial in Jerusalem, to describe the killings at Treblinka.

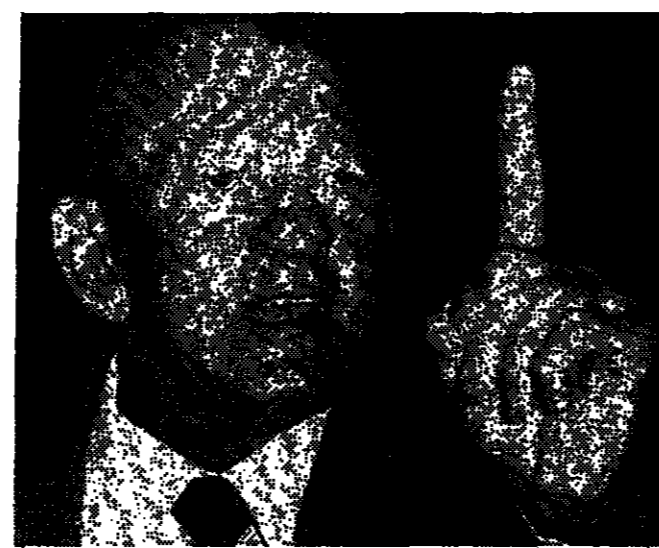
James H. Webb Jr. resume his career as a novelist. He has written several best-selling books, including "Fields of Fire," a novel about ground combat in the Vietnamese conflict.
Mr. Webb, 40, announced on Feb. 2 that he was resigning to resume his career as a novelist. He has written several best-selling books, including "Fields of Fire," a novel about ground combat in the Vietnamese conflict.

Former Police Chief Challenges Tutu

JOHANNESBURG — Theuns Swanepoel, the former South African police chief who crushed the 1976 black rebellion in Soweto, has begun his political career with a challenge to Archbishop Desmond

M. Tutu, the black leader and winner of the Nobel Peace Prize in 1984.
Mr. Swanepoel, nominated Monday night as a candidate in the whites-only general election scheduled for May 6, immediately at-

tacked Archbishop Tutu. "I wish to say" to Bishop Tutu, "I have dealt with you before," he said.
"I am not looking for trouble," Mr. Swanepoel said in his acceptance speech, "but if you want trouble pick yourself a few men and come along."



Theuns Swanepoel, challenging Archbishop Desmond Tutu.

Irish Vote In 'Brisk Turnout'

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Irish state radio estimated that about one-sixth of the electorate had voted by noon and called it "a brisk turnout." At the last general election in 1982, 72.8 percent of those eligible voted.

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Archbishop Tutu, head of the Anglican church in southern Africa, was a resident of Soweto when Mr. Swanepoel's policemen fired on student demonstrators there on June 16, 1976.
Referring to the suppression of the 1976 uprising, Mr. Swanepoel said, "The same thing that happened in the past will happen again. Only this time they will carry you out first."

Mr. Swanepoel, 59, is the candidate of the extreme right Conservative Party in the Johannesburg constituency of Westdene, where he will oppose Foreign Minister R.F. Botha.
Mr. Botha is regarded as one of the most liberal members of the ruling National Party.
He told about 100 supporters Monday night that the present government included Communists, and he declared he was a believer in racial segregation.

The officials said the proclamation was primarily intended to apply to Communist guerrillas and their political supporters who surrendered.

MANILA — The Philippine government is considering a pardon for soldiers and civilians who were involved in the short-lived anti-government revolt last month, officials said Tuesday.
They said a draft presidential proclamation had been prepared that could be used to grant amnesty to those involved in the revolt.
An official said, however, that influential elements in the armed forces had been urging the Aquino administration to show clemency in the interests of better relations

Mr. Swanepoel urged the government to lift all constraints on the security forces in suppressing political violence, which has killed at least 2,375 people in the past three years.
"We will wipe out" the African National Congress, "in six months and thereafter help our neighbors to clear up their own countries, with or without their permission," he said.
"Another Firm Disturves"
The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns divesting themselves of holdings in South Africa.
At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Aquino Considers a Pardon for Participants in Recent Revolt

By Michael Richardson
International Herald Tribune
A cabinet secretary, who asked not to be identified, said: "It is part of national reconciliation. The government can hardly pardon Communist rebels and not give the same treatment to the military and civilian rebels."
President Corason C. Aquino said repeatedly after the revolt that no leniency would be shown by the government and that military personnel would be tried before military tribunals.
An official said, however, that influential elements in the armed forces had been urging the Aquino administration to show clemency in the interests of better relations
and men took part in last month's takeover attempt.
He said they were a mixture of soldiers loyal to the former president, Ferdinand E. Marcos, anti-Communists who believed that the Aquino administration was making too many concessions to the left, and what he termed misguided elements.
More than 300 of the renegades surrendered and are being investigated by military authorities.
A total of 119 civilians who were with a group of soldiers that occupied a Manila television station for several days appeared before a civil court Tuesday and were charged with rebellion.
They asked that Mr. Marcos, who is in exile in Hawaii, be allowed to return home and act as their chief legal counsel. The U.S. government, at the request of the Aquino administration, has blocked his return.
Lawyers for the accused were given 10 days to reply to the charges. If convicted of rebellion, civilians and soldiers could be given long prison sentences.
Government officials said the cabinet was expected to consider the amnesty issue within the next

Stockholm Threatens To Recall UN Troops

STOCKHOLM — The Swedish government has informed UN Secretary-General Javier Pérez de Cuellar that Sweden will recall its peacekeeping troops from Cyprus unless it gets help in financing them, a Foreign Ministry spokesman said Tuesday.
Bo Heinbeck said the government will withdraw its 375 soldiers and 20 policemen from the 2,350 member UN force at the end of the year unless it receives economic support from the international body. He said Sweden has been forced to cover virtually all costs for its troops.
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NEWS ANALYSIS

BUSINESS

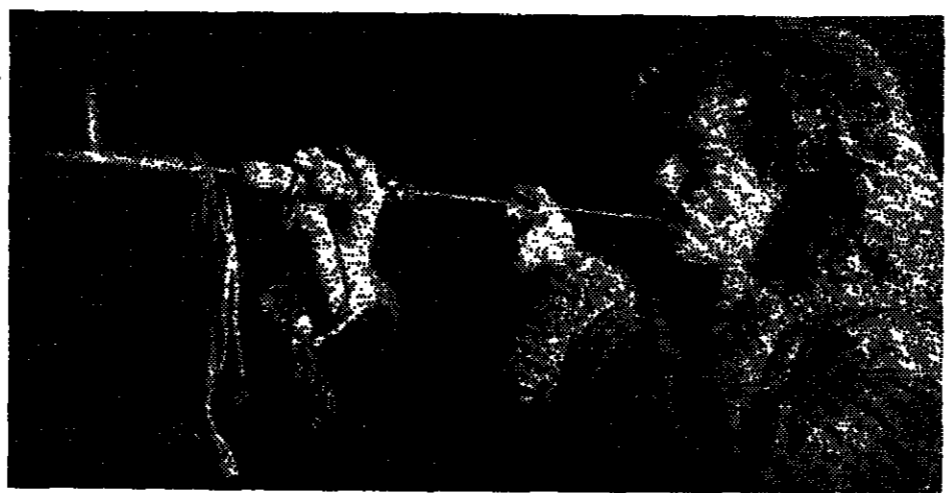
The Fight for Baby M: Education and Wealth Give the Father an Edge

By Margor Hornblower
Washington Post Service
HACKENSACK, New Jersey — It was a telling moment in the Baby M case. In a taped telephone conversation played for the judge...

NEWS ANALYSIS

but married to a garbage collector, when it accepted her as a surrogate mother despite tests indicating that she would have trouble giving up the baby. The system also did not prepare her during her pregnancy for the parting. From the time she changed her mind at the baby's birth on March 27, she has been ousted and outmaneuvered by Mr. Stern, 41, a biochemist and his wife, Elizabeth...

AMERICAN TOPICS



TO EACH HIS OWN PUFF — Erwin Rupert II, a Harvard Divinity School student in Cambridge, Massachusetts, smokes a peace pipe, which he says is part of a religious service. He has filed a lawsuit against the city to stop enforcement of a municipal law prohibiting smoking in public places, which he says would violate his religious freedom.

New No-Smoking Laws Take Effect in U.S.

Smoking was severely restricted in 6,800 federal buildings, affecting about 890,000 employees, around the United States this month and similar rules will take effect May 7 in New York state. The New York Times reports. The federal rule is the reverse of previous regulations: Smoking now is forbidden everywhere that it is not expressly permitted. New York's rules, among the most restrictive in the country, prohibit smoking in most public indoor areas: taverns, arenas, meeting halls, lobbies, restaurants, elevators, stores, schools, movie theaters, banks and hospitals. Restaurants with more than 50 seats must designate nonsmoking areas. The only exemptions are for private dwellings, hotel rooms, bars, tobacco stores, conventions and private social functions.

Short Takes

Two-thirds of American voters take no interest in foreign policy, according to a study by the Atlantic Council, a private research

Marco Garibaldi, the Brazilian-born writer and director, although she soon will bear his child, Mrs. Presley, 41, who figures in the "Dallas" television series, says she is wary about "signing a piece of paper and being owned by someone, like I was with Elvis."

Dr. C. Everett Koop, the U.S. surgeon general, has cited a study estimating that each year 2,400 nonsmokers die of lung cancer caused by "environmental tobacco smoke."

The U.S. Army is considering joining the 31 states that run lotteries, with proceeds to go for recreational programs. But the first prize would not run into the millions as in some states: it would be about \$5,000. Most payouts would range from \$2 to \$25.

The late S.J. Perelman once worked on the scripts for the Marx Brothers films "Horse Feathers" and "Monkey Business." In material sold by his family to Brown University, his alma mater, the comic writer said of the late Grocho Marx, "The man was a major comedian, which is to say that he had the compassion of an icicle, the efrontery of a carnival side, and the generosity of a pawnbroker."

The board of education in Jordan, Michigan, has decided unanimously to keep the nickname "Red Devils" for its high school athletic teams, despite objections that the name bears a satanic meaning. However, a spokeswoman said, the board decided "that the face of the devil should be made more positive and imish instead of the more austere and satanical face" now in use.

Priscilla Presley, Elvis' widow, says she has no plans to wed

Democrats Promise U.S. Labor Tough Restrictions on Imports

BAL HARBOUR, Florida — Democratic leaders of Congress have pledged to the AFL-CIO labor federation that they will pass a tough, import-restricting trade bill but that they expect President Ronald Reagan to veto it. The House majority leader, Thomas S. Foley, Democrat of Washington, and the Senate majority leader, Robert C. Byrd, Democrat of West Virginia, urged the 35-member executive council of the American Federation of Labor and Congress of Industrial Organizations on Monday to muster support from 12.5 million union members for overriding such a veto. They indicated that they do not now have the two-thirds majority needed in each body to override a veto on the issue. "I'm confident we're going to have a piece of legislation on the president's desk by midsummer," Mr. Byrd said after the AFL-CIO leaders, who are meeting here this week. "We will need and profit by labor's input." The AFL-CIO is making the new import restrictions its primary test for judging presidential candidates in 1988, and its leaders made clear that candidates will have to back organized labor's view on trade to win its support.

that almost ensures a veto and then work towards getting Congress to override it. Mr. Kirkland called a Senate bill written by Lloyd M. Bentsen, Democrat of Texas, the Finance Committee chairman, "a box with no contents." The Gephardt measure is aimed primarily at Japan, South Korea

and Taiwan. It would give the president the authority to retaliate through new quotas or tariffs if a country is found to continue unfair trade practices, such as dumping goods in the U.S. market at prices less than those charged to their own consumers, and do not reduce their trade surpluses on their own by 10 percent a year.



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Salmonella Contamination Of Poultry Is Rising in U.S.

WASHINGTON — Nearly four of every 10 chickens sold to American consumers are contaminated with salmonella bacteria, according to the Agriculture Department. U.S. officials said the incidence of salmonella contamination in the U.S. poultry supply has grown rapidly in recent years. Overall, 56,657 cases of salmonella food poisoning were reported in 1985, compared with 23,174 cases in 1976. Contaminated food can result in salmonellosis, a food poisoning that produces flu-like symptoms within 12 hours to 36 hours after eating. The illness can be fatal. "We cannot have a risk-free food supply," said Donald L. Houston, head of the department's Food Safety and Inspection Service. But, he said, "if we can improve it, we should do so."

At issue, officials say, is whether inspectors for the service, which oversees federal meat and poultry inspection, should forgo bird-by-bird checks in favor of taking bacteriological counts. The National Academy of Sciences plans to issue a report soon on federal poultry inspection. In 1985, the academy criticized the Agriculture Department for not taking advantage of advanced technologies that could detect health risks, including salmonella and chemical residues.

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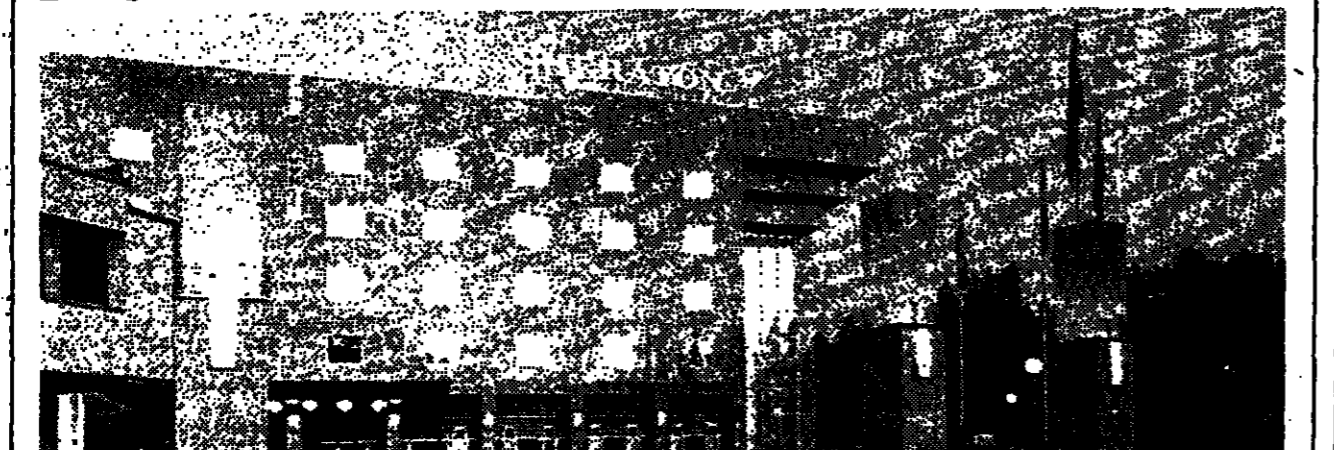
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World Briefs, Soviei Show on, Berlin Wall is on, Daily Quits U.S., Wanted

OPINION

INTERNATIONAL Herald Tribune

Government in Private

For the first time since the Iran-contra arms scandal arose, it may now be possible to glimpse its full dimension. The scandal so far is only a part, a single example of a larger undertaking...

A South African List

The South African government has kindled a revealing controversy by its publication of a list of 3,857 names of persons it says it has detained under its eight-month-old state of emergency.

Scandal in the Market

Times of great booms in the financial markets tend to be accompanied by scandal. That is now being demonstrated with a vengeance in New York, site of the largest and most active of the world's markets.

Other Comment

The Funny Smell of Deficits

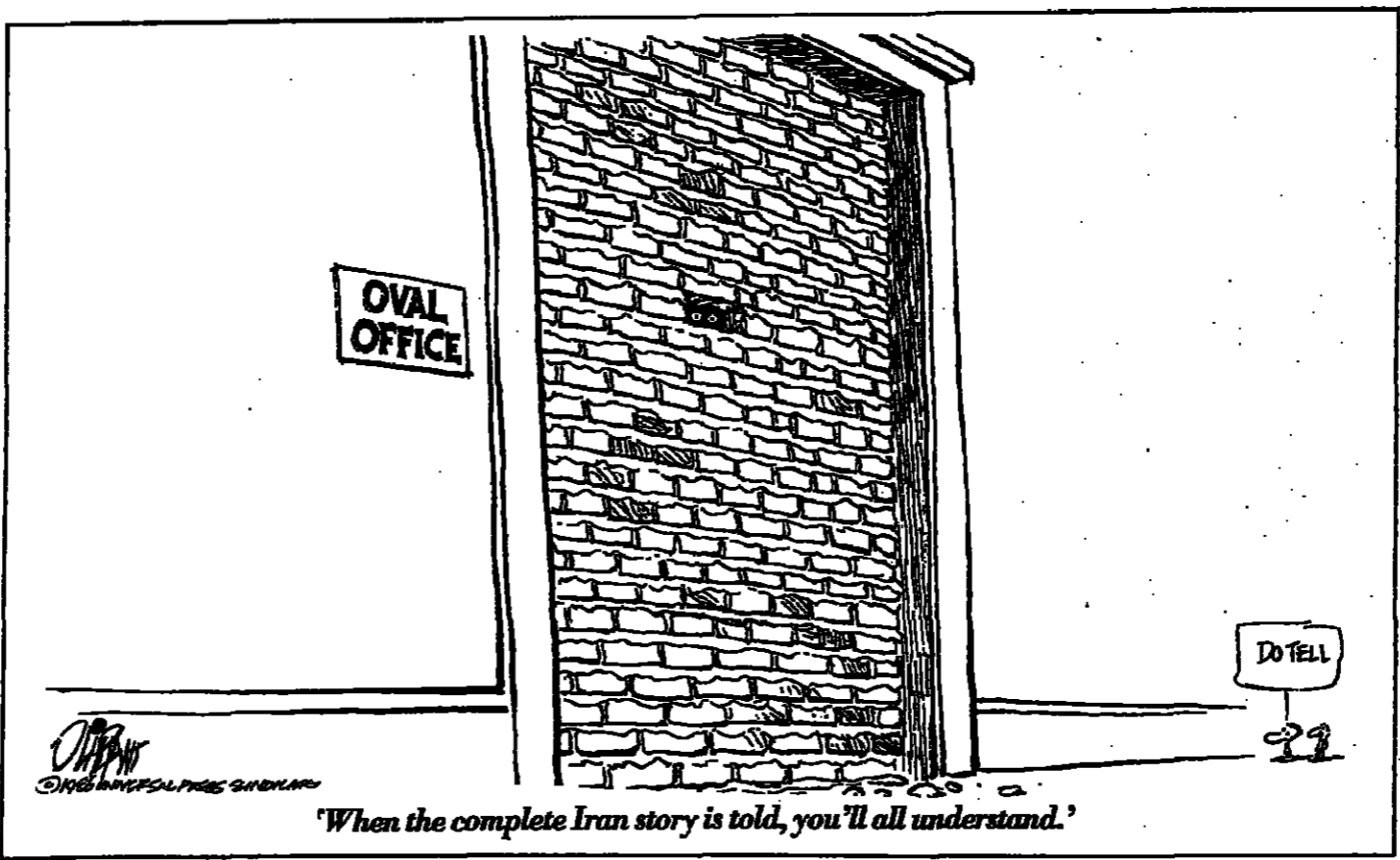
When President Reagan heaped scorn on annual \$200 billion federal deficits in his State of the Union address, it was as if a stranger had entered the House of Representatives pulling a red wagon filled with smelly old lobster bait.

cy was approved. It was a misleading understanding. There was an open side to the project, but in August 1982 a White House memo on the project said "we need to examine how law and executive order can be made more liberal to permit covert action on a broader scale."

is developing among South Africa's young. By detaining protesters and anyone else who gets in the way and by limiting news of official practices, the South African authorities have meant to put the genie of popular discontent back in the bottle of official control.

But that is the paradox. A market without rules is not free; it is the captive of the manipulators. A stock market is, among other things, a gambling game. Fixing stocks is wrong for the same reason that fixing horse races or basketball games is wrong.

we stop pushing onto our children the excesses of our government. But wait a minute. Who brought this "outrageous" deficit into being? Now at \$2 trillion, it has doubled since Mr. Reagan took office six years ago, in large part because of his reluctance to reject spending legislation.



"When the complete Iran story is told, you'll all understand."

Twinning Two Deficits Makes for Bad Economics

WASHINGTON — Ever since big U.S. budget deficits became a reality, we have been bombarded by false theories about their bad consequences. We initially were told that, by causing high interest rates, they would prevent a recovery from the 1981-82 recession.

Bonn's Governing Center Held Despite Its Setback

MUNICH — West German voters delivered a vexing paradox last month. Helmut Kohl's center-right coalition was returned by a comfortable margin, but its victory was scored by a staggering drop of 4.5 percentage points.

U.S. Labor Learns the Value of Political Pragmatism

BAL HARBOUR, Florida — Four years ago, when U.S. organized labor leaders agreed early and easily to endorse Walter Mondale for president, the union they chose staggered through the primaries and barely carried one state against Ronald Reagan.

The Press: Restrict It And Suffer

By Anthony Lewis BOSTON — There are always Americans unhappy with the tradition of a free and aggressive press. The country could be run so much more effectively, they argue, if you in the press did not keep raising doubts about the government.

Mr. Rajaratnam denounced what he called "James Bond journalists" — Western reporters who thought they had a "007 license to destroy the reputation of leaders and governments in Southeast Asia with impunity."

What is happening in Singapore is plain enough. Mr. Lee, who has achieved much in his 28 years in power, is growing increasingly sensitive as the economy turns sour — and increasingly intolerant of criticism.

lection calendar is tilted so far forward in 1988 it is ridiculous; a real risk exists that the delegates will be committed before the voters have an opportunity to take the measure of the men seeking the nomination.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Rhodes Prepares RHODES — In view of the threatened attack by the Italian fleet on the Turkish islands in the Aegean Sea, active preparations are being made for the defence of Rhodes.

1937: Hitler on Peace BERCHTESGADEN — A threat to peace would ruin "the gigantic effort the nation is making to regain health," and a new war would be catastrophic for all nations.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1980-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

It Seems Hid Inc

WORLD'S LEADER IN...



OPINION

It Seems That a Polygraph Hid Inconvenient Truth

By William Safire

WASHINGTON — On Friday, Jan. 17 of last year, when Ronald Reagan or his autopen signed the "finding" submitted by Vice Admiral John Poindexter sending arms to Iran without notifying Congress, the two officials who ordinarily handled secret arms transfers had not yet returned from a trip to China. Harriedly, one of the men closest to Secretary of Defense Caspar Wein-

berger, Major General Colin Powell, bypassed the written "focal point system" procedures and ordered the Defense Logistics Agency to turn over the first of 2,008 TOW missiles to the CIA, which acted as cutoff for delivery to Iran.

ESSAY

One reason the usual covert-action transfer officials were kept in the dark may be that one of them, Michael Pillsbury, was a former aide to Senator Orrin Hatch, Republican of Utah, a member of the Senate intelligence committee, and it was feared that Mr. Pillsbury would object to lengthy concealment of this operation from the committee.

Less than three months later, Admiral Poindexter apparently became agitated by Mr. Pillsbury's continued presence at covert-action meetings, where he often clashed with Lieutenant Colonel Oliver North about weapons withdrawals. The admiral used the occasion of a story in the press, about the shipment of Stinger missiles, to demand that Mr. Pillsbury undergo a polygraph test. It was conducted by a navy examiner chosen by the National Security Council staff.

The "lie detector" supposedly went against Mr. Pillsbury and he was abruptly dismissed. No appeal, no second chance with a different examiner, no due process, no FBI; just out, fast. Neither Admiral Poindexter nor Mr. Weinberger would have to worry about an aide with right-wing connections alerting Senate intelligence to the strange bypassing of procedure in the TOW missile transfer.

At year's end, we learned of the Jan. 17 finding, which the doers of the secret-transfer deed had used as justification

Secrecy Is Again at Risk

JUST when a consensus was building for the need to restore integrity to intelligence gathering, weakened in the post-Watergate era, a new crisis provides an excuse to destroy it again. President Reagan's opponents think the arms sales to Iran demonstrate intelligence activities lacking proper management. They are willing to supply it. That would be like telling the whole world what the government plans to do. It would also raise a constitutional question of infringing on the executive powers of the president.

—The Daily Oklahoman (Oklahoma City)

for an otherwise illegal act: "Pentagon officials confirmed that Weinberger did not notify Congress about the transfers . . ." wrote George C. Wilson in The Washington Post on Dec. 14, "but the defense secretary was not obliged to do so because, they said, he was operating under Mr. Reagan's 'finding,' which ruled out the notification procedure."

Curious that the Jan. 17 finding was cited by "officials" as their legal authority. Curious, because at a Pentagon luncheon for pundits hosted by Mr. Weinberger last week, during which he reported proudly that his polygraph testing program had grilled more than 7,000 souls, this exchange took place:

Q. Did you know about the Jan. 17 finding?

A. Not until a few weeks ago.

Q. So you weren't told?

A. I was not told.

Q. According to the Senate intelligence committee report, "A final meeting was held in Poindexter's office on Jan. 16 to review a final draft of the finding. Attending were Poindexter, Casey, Meese, Sporkin and Weinberger. Weinberger again voiced opposition to the program."

He didn't know? He wasn't told? "Weinberger testified before the Committee," continues the report, "that later that day [Jan. 17] he received a call from Poindexter informing him of the president's action."

Something is fishy here. Cap Weinberger is one careful lawyer of high repute. Through his spokesman, he informs me that he holds to his assertion that he did not know about the Jan. 17 finding, and adds that he cannot recall having attended the Jan. 16 meeting that the Senate report places him in.

Either the Senate intelligence committee was incredibly sloppy, or some people are changing their stories about the moment in this case when America's highest officials circumvented the law. If the Pentagon did not know about the finding, on what authority did Mr. Weinberger fail to notify Congress?

The temptation is to suggest that the foremost U.S. proponent of polygraphs be required to take one on this affair, on pain of being fired if he refuses or fails, and to extend that requirement to Assistant Secretary of Defense Richard Armitage and to Colin Powell, who has been promoted to lieutenant general and appointed as Frank Carlucci's deputy at the National Security Council.

But that, as we used to say, would be wrong. As we see, the polygraph is less a device to get at the truth than an easily corruptible method by which officials who may be eager to conceal possible wrongdoing can conveniently remove any other official who might be inclined to obey the law.

The New York Times.



Blessed or Cursed With Looks Like a Koala

By Henry Mitchell

WASHINGTON — The role of Liberace in American culture is one of those things I only think of under duress, as when I read the comment that what his fans liked in him was "his luxury." That is, the glittery bombast, all of it cuddled in fur coats and rococo vulgarity with custardy pianos.

But I would not willingly see his epitaph read, *Lotsa Bucks, Lotsa Junk*. Millions were attracted to him for deeper reasons. Many Americans spend money in wasteful ways, without any particular adulation from the public. Even Imelda Marcos with all her feather does not seem to have attracted fan clubs, as Liberace did.

Liberace was blessed or cursed with a strong physical resemblance to a koala, and he reinforced this with a face of such bland innocence that one would hesitate to say "oh fudge" within a block of him.

He was probably a competent player of the piano. As I recall through decently veiled ears, he hammered away at the fringes of music, embellishing it with cornball flourishes as if to say, "Well, we all love Chopin, but upon my word nobody has the patience to sit through the B Minor Sonata. But we're all very cultured lads, so let's have six bars of the prelude you all know and love, and then I'll tell you something amusing."

This did not endear him much to those who like their Bach plain, and in strict time, if you please. And his flouncy manner and ooy voice were calculated (probably very painfully mastered) to curd the teeth of a great many men. Possibly he made us uneasy, and we disguised that as anger.

One of the charitable things I once said of his stage performance was that Liberace was a natural-born jackass and possibly an ultimate one.

But jackasses, both animal and hu-

man, can be valuable to any society. It is no accident, surely, that Christ's triumphant entry into the Holy City was on the back of an ass. And as everybody knows, things that may not particularly attract us may be good for us and they have merits we do not immediately notice or seek. Thus Shakespeare observed that the toad (another animal of mixed re-

MEANWHILE

views) may be ugly and venomous but wears a precious jewel in its head.

Liberace was a rebel against the manner American boys are bred to, and much is to be said for rebels. They commonly attract many, Thomas Jefferson, Falstaff, Jean Genet, Jack Kerouac and John the Baptist among them. One sometimes wonders if it is not the rebelliousness, rather than the substance, that attracts people to begin with. Liberace's fans were much more likely to say, "Gee, that guy is one of a kind," than to say, "Gee, I wish I had some ermine pajamas."

There is also the matter of the American Dream: a chicken in the pot, a Cadillac in the garage and a Zerk in the kitchen and a ray gun in the nursery. We all believe strongly in the dream, but Liberace carried it to remarkable lengths. His very furs were diamond studded, and his stage act laid such stress on wildly expensive junk that you had to wonder if there might be some flaw in the national dream to begin with.

You could see in him the folly of unbridled consumption, and the madcap result of piling one luxury on another. But you could not see this without a faint uneasiness in yourself, that perhaps \$40 shoes would do as well as the

considerably more costly ones you bought. And while this self-examination may not have swept the continent like a prairie fire, it still is a possible example of Liberace's value to the rest of us.

We are reminded by the wisdom of the ages not to speak ill of the dead, though I assume there is no offense in saying a man carefully adopted the stage role of a flamboyant fool if that is in fact what he worked hard to achieve.

This refusal to speak ill of the dead, which I strongly adhere to, comes not from the civility of speaking well of one who is not here to defend himself, but from the fact that we have no earthly way of knowing what another human is really like. We know neither his limitations nor his strengths, so we do not know whether he wasted his talent or made superhuman strides, considering what was possible for him by nature.

This should not be hard to understand, and most people understand it. We each know ourselves better than any others do, but even with ourselves we are capable of confusing our virtues for our vices and the other way around.

Certainly as we look back, we may get the impression we had not the foggiest idea what we were doing, not that it stopped us from bounding right along like a bloodhound pup. There are times I think we each have a hidden life within us, as if we were living lives we knew nothing about. In charity I have always felt the guys at the office are bound to be better than they strike me. Charity is a terribly important thing.

The oldest religion I have heard of is the Egyptian, and when I was a kid one thing startled me about it. When the ancient Egyptian died, he appeared before a divine judge who held a pair of scales. On one was the newly dead heart, on the other a feather. If the heart had enough merit to overbalance a feather, the man was received into the grace of Osiris. I thought, what kind of god can be duped this way, since the cruddiest heart weighs more than a feather.

But now it has dawned on me the god had divine systems of evoirhoipis and maybe was not so gullible. The guy lives his life contented, rather pleased he gave a buck to a beggar two weeks ago, and other instances of noble spirit. But on the scales of Osiris, his heart might not prevail against the feather.

Even in such ancient times, people knew they were nothing before God, who might see their dandy virtues with less than enthusiastic eyes. In a later instance in a later religion, it is shown that whores and thieves may do fairly well at the last, and decent folk like us not so well. This is rattling to think of, but something of a relief, too, in a way.

I seem to have strayed slightly from our examination of Liberace's place in American culture. Well, leave it to some doctoral candidate. It is customary, and I go along with it, to pray for him peace this night, and good luck against the feather, and rest in the patriarchal bosom and joy in the paradise of God.

The Washington Post.

LETTERS TO THE EDITOR

Déjà Vu on Arms Dealing

A headline on Page 4 of your May 21, 1984 issue read: "CIA Reportedly Asked Israelis, Saudis to Give Covert Support in Nicaragua." The article reported that a senior Israeli official had said, "We are not consciously or with knowledge passing anything to the contractors . . . We are not a surrogate for the United States." The article continued that, asked about overtures to Saudi Arabia and Israel, a senior Reagan administration official had said: "There were lots of conversations . . . but nothing of that character was official." The Saudi contact, according to this official, was "totally unauthorized."

Nothing changes very much, does it?

ELIZABETH YOUNG, London.

Recalling a Use of Gas

In "U.S. Intelligence for Iraq? A Policy That Makes Sense" (Dec. 20), Charles Krauthammer refers to Iraq's

use of poison gas in battle and states that "even Hitler eschewed the practice." One front on which Hitler used poison gas was called Auschwitz.

MARIAN SCHNEPS, Hong Kong.

The 'Unworthy' Palestinians

Regarding the report "Hostage Makes Appeal to Avert Execution" (Feb. 9): As an afterthought to a long article on U.S. hostages in Beirut, a brief follow headed "Israel Seizes Ship" noted that an Israeli warship had "intercepted" a ship off Lebanon's coast and taken "its 50 unarmed passengers" and Egyptian crew to "an undisclosed Israeli port."

Why are these people not called "hostages"? Why is their capture not called a "hijacking"? Why is the Western press not outraged? The passengers are, of course, presumed to be Palestinians. Perhaps the abuse of Palestinians, at the hands of both Israelis and their fellow Arabs, has become so commonplace as

to be barely newsworthy. Perhaps, having been so long abused, Palestinians are deemed, at least in Western eyes, as being uniquely unworthy of basic human rights. Perhaps both.

JOHN V. WHITBECK, Paris.

Rallying 'Round That Pun

Lewis Lehrman's opinion column "Americans Should Rally Round the Reagan Doctrine" (Jan. 23) was fraught with contradictions and passed without comment from this reader. It was, to be blunt, beneath reproach. However, the supporting letter from William Ballin (Feb. 2) provokes brief comment.

In his unwitting pun describing the so-called Reagan doctrine as "a discreet combination of principle and interest," Mr. Lehrman reduces foreign policy to the language of finance.

What he — as well as Mr. Ballin, in his letter's cryptic allusion to the doctrine's basis in "constitutional intent" — proposes is that the American people

squander the country's moral capital on junk-bond demagoguery.

MARK ECKENWILER, Dublin.

The Most Moving Article

A.M. Rosenthal's opinion column "I Hear People Screaming, of Course, I Pass Them By" (Feb. 13) is the most moving and most disturbing article I have ever seen on the subject. I hope readers take it to heart. I thank him for writing it and you for printing it.

KATE JENNINGS, Geneva.

Letters intended for publication should be addressed to "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

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هكزامين الأمل

Tigers' Emergence Changes Sri Lanka War

Rebels Now Can Fight, Or Talk, More Decisively

By Richard M. Weintraub
Washington Post Service

JAFFNA, Sri Lanka — The shape of Sri Lanka's civil conflict between the government and rebels of the ethnic Tamil minority appears to have changed significantly in recent months as the most militant group of Tamil guerrillas has emerged to dominate the fractious Tamil autonomy movement.

The group, the Liberation Tigers of Tamil Eelam, has expressed an interest in continuing the frustrated and intermittent dialogue between Tamils and the government. But it also has emphasized its threat simply to declare independence for the Tamil-dominated north and east of this island nation.

The Liberation Tigers' domination has now made it possible for the Tamil side to talk or fight more decisively than before.

In a recent visit here, it was also clear that the government, which last year spent heavily to strengthen its small army, is ready to resume an escalated battle if the faint hopes for negotiations are ended.

A dispute over the use of the island's two ethnic languages began in the 1950s, when Sinhala, the language of the Sinhalese majority, was made the country's official language. The dispute grew into a broad cultural conflict between the Hindu Tamils, with 18 percent of the population, and the Buddhist Sinhalese, with 75 percent.

Over the past decade, Tamils increasingly have protested government policies that they say discriminate against them in such areas as jobs, education and land distribution. In 1983, frustrated Tamil politicians walked out of Parliament, and more radical groups began a guerrilla insurgency that has since claimed thousands of lives.

After years in which the various Tamil guerrilla groups have alternately squabbled and coexisted, the Tigers have recently taken charge of the movement, attacking or intimidating their rivals.

The Tigers raised tensions in the conflict last year when they threatened to set up their own civil administration on the Jaffna peninsula at the northern tip of the island. Tamil spokesmen have since emphasized that a separate administration would be premature.

The government responded to the Tamils' challenge with a show of force. The army went on the offensive in Jaffna last month, and has since stepped up operations throughout the



Tamil fighters displaying the cyanide ampoules they carry to avoid capture.

Jaffna peninsula and in eastern Sri Lanka, notably around the town of Batticaloa. There have been scores of casualties, according to reports from Colombo, the capital.

The government also has blockaded Jaffna, causing the price of food and fuel soaring there, and has cut off telephone links with the rest of the country.

Both sides say that the possibility of talks remains. The Tigers and the government have expressed frustration at the failure of India's attempts to mediate in the conflict, and recently established their first direct public contacts.

In Washington last week, Sri Lanka's foreign minister, A.C.S. Hameed, said "We do not believe in a military solution."

"It is a very critical time" in the conflict, Mr. Hameed said to a group of Washington Post editors. "We are so near and yet so far from an agreement."

Tamil decision-making has been moved closer to the scene of the conflict with the apparent return to Jaffna of Velupillai Prabhakaran, the leader of the Tigers.

Mr. Prabhakaran, like other Tamil political and guerrilla leaders, has been based in recent years in Tamil-dominated southern India. The government of Prime Minister Rajiv Gandhi, however, has circumscribed the freedom of op-

eration of the guerrilla groups in India as a way of pressuring them to negotiate with Sri Lanka. While there has been some talk of splits within the Tigers' leadership in Sri Lanka, it seems mostly the Indian pressures that have pushed Mr. Prabhakaran back to Jaffna.

A leader of the Tigers in northern Sri Lanka, S. Krishnakumar, said his group was ready to talk, but added: "The government keeps saying they want talks but at the same time they take actions against us, so we have no confidence in the government. They keep changing their position."

Mr. Krishnakumar spoke more positively about recent contacts with local military — rather than civil — authorities. He recalled a recent exchange of prisoners negotiated between the Tigers and military officers.

"If there were new contacts with the military," he said, "if they help create the right conditions, then we would possibly talk with the military."

Top government officials also indicate a willingness to negotiate, but link their position to the Tigers' announcements late last year that they were going to set up a separate administrative structure in Jaffna.

"We realize the limits of military power, but they have to realize the limits of their power, too," National Security Minister Lalith Athulathumudali said in Colombo.

He indicated that the government's present strategy is to couple nonmilitary pressure, such as the fuel blockade, with limited military advances that will undermine Tamil militants' confidence and bolster troop morale, but not push the situation beyond a point of no return.

The Tigers warn that they are ready to meet a government military push. "We haven't shown our strength, we haven't gone after the economy, yet they are squeezing the economy of the Tamils," Mr. Krishnakumar said at his Jaffna headquarters.

"So," he added, the Tigers "will be forced to retaliate on the Sri Lankan economy."

200 Tamil Suicides Reported

A Tamil rebel leader disclosed that more than 200 guerrillas have committed suicide by swallowing the ampoules of potassium cyanide that each wears around his neck in case he is captured, *The Associated Press* reported from Jaffna.

"It is better to take cyanide and take your own life than to be subjected to inhumane torture," said Raheem, a lieutenant of the Liberation Tigers.

"We are only human. No one can withstand torture," he said recently. "We would reveal secrets, and so we choose an honorable death rather than betray our liberation struggle."

500 Afghan Rebels Said to Die in Heavy Fighting

The Associated Press

ISLAMABAD, Pakistan — More than 500 Moslem guerrillas have been killed in heavy fighting with Soviet and government forces in Afghanistan in the past month despite a government-declared cease-fire, sources said Tuesday.

Western diplomatic sources, speaking on condition of anonymity, said reliable sources in Afghanistan reported the high guerrilla casualty rate.

Heavy fighting has been reported

in several parts of the country, especially around the cities of Kabul, Kandahar and Herat, the sources said.

Guerrilla officials based in Pakistan called the Western sources' figures too high. But the guerrillas invariably understate their losses and exaggerate Soviet and government losses.

The Western sources said that they did not have any figures on Soviet and Afghan government losses in the same period, but re-

ports from Kabul indicated that city hospitals were full of wounded soldiers.

Afghanistan's Communist government declared a unilateral cease-fire on Jan. 15 as part of its call for national reconciliation to end the war. Guerrilla leaders seeking to topple the government dismissed the offer as an attempt to legitimize Communist rule.

The sources said street battles had been reported in Kandahar along with almost daily artillery

and rocket duels. Large but unspecified numbers of civilians have been killed in the fighting, the sources said.

Heavy fighting also was reported in the western city of Herat near the Iranian border, the sources said. Guerrilla forces ambushed a military convoy there in the first week of February, destroying four or five vehicles, they said.

Guerrilla forces continued to attack Kabul with rockets, scoring several hits in the past week, the sources said.



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ARTS / LEISURE

'Kate's' Visual Poetry

By Robert Cushman

LONDON — Just as the National Theatre's "Guys and Dolls" was a valentine to Manhattan, so the Royal Shakespeare Company's "Kiss Me Kate" at Stratford-on-Avon is one to show business.



"Kiss Me Kate" gangsters: "Brush Up on Your Shakespeare."

They have wandered into a double Shakespearean musical. A version of "The Taming of the Shrew" is being tried out in Baltimore, with its leading roles played by a temptuous actor-manager and his estranged wife.

Backstage Baltimore is more solid, but romantically so. Some of Dudley's compositions, involving a stage door complete with somnolent doorman, are visual poetry.

The musical staging by Broadway's Ron Field is not strikingly original, and some of the numbers go on too long, but it is energetic and affectionate and very well danced.

Of the leads, Paul Jones is too light in voice and manner for the rambunctious ham the librettists had in mind, or for such a glorious comic aria as Petruccio's "Where Is the Life That Late I Led" in which Porter rhymes "young and gay" with "Pompeii."

The American Tim Flavin, a lease of "On Your Toes," has a Gene Kelly-ish ease and suppleness, and his solo number "Bianca" is the evening's highlight, though it is pervasively denied a proper finish.

A few years ago Gambon abandoned from provincial farce and domestic melodrama to play Lear and Galileo. They were not quite great performances, but he

emerged from them a great actor. He recently gave an astonishing television performance in Dennis Potter's "The Singing Detective," alternating laid-back elegance, funny-voice comic turns, and transfixing bursts of naked emotion.

THE BRITISH STAGE

Can it, it seems, do anything, and he shifts nothing. As Miller's Eddie Carbone he supplies not only the smoldering resentments and blustering explosions the script demands, but an individual line in warped humor.

At first it's genuine Italianate good feeling, heavy-handed but hospitable. Later it darkens into a defense mechanism. Eddie nurses an unacknowledged passion for his mumble niece. When she falls for her young cousin, Eddie turns the boy and his brother, both illegal Sicilian immigrants, over to the authorities, violating every code of his community.

Because he barely understands what is happening to him, we ought to feel sorry for him. Miller, though, asks for more than our sympathy. He wants us to take Eddie as a tragic hero: evil, perhaps, but true to himself.

Superstar at His Best

By David Stevens

PARIS — When it comes to Pavarotti's "L'Elisir d'Amore," the first question usually is who was the tenor and how did he sing "Una furtiva lagrima."

There are two things at work here. One is the Pavarotti's extraordinary gift for communicating with the public — almost any public.

But this was only part of a performance that showed the superstar tenor at his current best in a part that suits him in every way.

Price's Rare 'Norma' Lacks Bite

By Henry Pleasants

LONDON — If last month's "Otello" with Placido Domingo at the Royal Opera House, Covent Garden, was a grand operatic occasion, which it certainly was, then last week's new "Norma" with Margaret Price singing her first London Norma was just as certainly a grand operatic event.

What made it so special was the rarity of the Welsh soprano's appearances in her native Britain. She has been for two decades arguably the finest British soprano, but she has chosen to base herself in Munich, singing mostly there and elsewhere in central Europe, with occasional excursions to Milan, Paris, New York, San Francisco, Chicago, Washington and London.

She brings these attributes to Bellini, too, and her Norma is as beautifully sung as one expected it to be, discounting some evidence of first night tension in the early scenes. But Bellini, in "Norma," requires more than bel canto, and Price's projection of the widely ranging emotions arising from her heroine's predicament did not sustain inevitable comparison with the accomplishments of such illustrious predecessors as Rosa Ponselle, Gipsy Cigna, Joan Sutherland and, of course, Maria Callas, either vocally or historically.

She was not much helped by John Copley's traditional production, inoffensive, but also largely ineffective, the confrontations awkwardly and statically staged against Robin Day's rather ugly neo-Bauhaus basic set.

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There are two things at work here. One is the Pavarotti's extraordinary gift for communicating with the public — almost any public.

But this was only part of a performance that showed the superstar tenor at his current best in a part that suits him in every way.

According to a U.S. account, that the idea was worth exploring. The meeting broke up, Mr. Reagan had returned to Hofli House to prepare for the last meeting with Mr. Gorbachev, and the U.S. side held a caucus.

DOONESBURY

AND I'VE ALSO THANK YOU, DR. MELLER, FOR YOUR RESEARCH ON BARBARA ANN, WHOSE CRIMINAL RECORD IS THAT LONG.

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DOES THAT MEAN I'M ON THE TASK FORCE, TOO?

UM... LET ME CHECK THE BY-LINES. I KNOW HE CAN'T VOTE.

General News

How U.S., in Iceland, Improved 'the Most Important Arms Proposal in History'

By Don Oberdorfer

WASHINGTON — The American proposal at Reykjavik to abolish all ballistic missiles within 10 years — "perhaps the most sweeping and important arms reduction proposal in the history of the world," President Ronald Reagan called it — was hurriedly drafted during a meeting with the Soviet foreign minister by two U.S. officials working on a yellow legal pad.

The hastily improvised idea, a response to the insistence of Foreign Minister Eduard A. Shevardnadze that the superpowers pledge to adhere to the 1972 Anti-Ballistic Missile Treaty for 10 more years, was passed by its authors up the table to the U.S. national security adviser, Vice Admiral John M. Poindexter, who handed it on to Secretary of State George P. Shultz.

Just after 2 P.M. on Sunday, Oct. 12, at Hofli House in Reykjavik, Mr. Shultz read aloud the handwork of the two aides, the assistant secretary of defense, Richard N. Perle, and the National Security Council arms expert, Robert B. Linhard.



Ronald Reagan and Mikhail Gorbachev after the Reykjavik talks broke down.

Mr. Gorbachev's proposals were sweeping, including a 50 percent cut in offensive strategic arms, total elimination of intermediate-range missiles based in Europe and new negotiations on a ban on nuclear testing. His initial presentation offered such major concessions as dropping British and French missiles from the superpower agenda and agreeing to reduce the biggest Soviet land-based missiles.

At the same time, Mr. Gorbachev proposed nonwithdrawal from the ABM treaty for 10 years and strict limits on Strategic Defense Initiative research and testing. The nature of his plan indicated that he would insist on the defensive limits, which Mr. Reagan would find difficult to accept, as the price of a deal on offensive arms.

"He's brought a whole lot of proposals but I'm afraid he's going after SDI," Mr. Reagan told his advisers.

On Saturday evening, experts from both sides began talks that lasted all night. They agreed to new limits on intermediate- and intermediate-range weapons. The Soviets made more concessions, including proposing a new way to count intercontinental bombers that would allow the United States to maintain its considerable advantage in that category.

Mr. Shultz then read from the scrap of paper that the two sides should agree to adhere to the ABM treaty for five years while strategic nuclear arsenals were being cut by 50 percent.

Mr. Shultz began by speaking of several relatively minor issues still pending for decision, but according to a U.S. participant, Mr. Shevardnadze cut him off.

Mr. Shultz then read from the scrap of paper that the two sides should agree to adhere to the ABM treaty for five years while strategic nuclear arsenals were being cut by 50 percent.

The idea scribbled out at Reykjavik went far beyond the July version. All the hedges disappeared. The Perle-Linhard proposal set a deadline for the removal of all missiles to coincide with a period of 10 years in which neither side would deploy space-based defenses.

no intention of eliminating all nuclear weapons in 10 years," though he favored total elimination over a long and undetermined period of time.

AFTER more than an hour of inconclusive discussion, the two leaders recessed to consult their experts. Mr. Reagan instructed his aides to make cosmetic changes in the U.S. position while sticking to the substance of the original plan.

The revised U.S. proposal contained one slight modification in substance — that after 10 years of compliance with the ABM treaty, either side could deploy anti-missile defenses, in effect breaking out of the treaty — "unless the parties agreed otherwise." The United States had earlier proposed that either side "would be free to deploy defenses" as it wished after 10 years.

When the meeting resumed, Mr. Gorbachev made clear he had little use for either formulation, taking the position that the two nations would continue to be bound by the ABM treaty, even after 10 years.

Mr. Gorbachev concentrated on limiting SDI research, development and testing during the 10-year period of ABM treaty adherence being discussed. His Saturday morning proposal called for research and testing of space-based elements to be restricted to "laboratories." Mr. Gorbachev insisted that Mr. Reagan agree to this forthwith.

Mr. Reagan countered that the issue of the limits of space-based testing should be sent to U.S. and Soviet experts at Geneva or resolved at a summit meeting in Washington.

Mr. Gorbachev disagreed. "It would have taken a madman to accept! SDI research and testing outside the laboratory while offensive weapons were being reduced, Mr. Gorbachev said later that day.

It was nearly 7 P.M.; the meeting had been scheduled to end at noon. The two leaders were putting the full weight of their arguments and their powerful offices on the line, speaking with great intensity about two words: "laboratory testing." Both leaders realized the words symbolized much more — a new arms race in space, in the Soviet view, or a technological promise of nuclear safety, in Mr. Reagan's.

FINALLY Mr. Gorbachev said, according to a U.S. account, that he could not agree to SDI testing beyond the laboratory. In response, Mr. Reagan closed his brief book and stood up. The meeting was over.

NYSE Most Actives table with columns for stock symbol, price, and volume.

Market Sales table showing volume and value for various market segments.

NYSE Index table showing high, low, close, and change for various indices.

Tuesday's NYSE Closing logo and text: Via The Associated Press

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NASDAQ Index table showing high, low, close, and change for NASDAQ indices.

AMEX Most Actives table listing top active stocks on the AMEX.

Dow Jones Bond Averages table showing bond market performance.

NYSE Diary table listing daily market activity.

Odd-Lot Trading in N.Y. table showing odd-lot trading statistics.

Dow Jones Averages table showing the performance of the Dow Jones Industrial Average.

Standard & Poor's Index table showing the performance of the S&P 500.

NASDAQ Diary table listing daily activity on the NASDAQ.

AMEX Stock Index table showing the performance of the AMEX stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Soars 54.14 to a Record

Main article text: NEW YORK — The Dow Jones industrial average scored its biggest one-day gain ever Tuesday and the stock market broke records on nearly every front Tuesday as investors abandoned hopes for lower prices and returned from a long holiday weekend to embark on a shopping spree. Volume was heavy. The Dow average, which soared 17.57 points on Friday, scored another 54.14 Monday to 2,237.49. It was only the second time it had closed above 2,200.

Table of stock prices for various companies, including IBM, AT&T, and others.

Table of stock prices for various companies, including General Electric, Ford, and others.

Large table of stock prices for various companies, including IBM, AT&T, and others.

The American Stock Exchange index rose 3.02 to an unprecedented 319.25. The National Association of Securities Dealers index of over-the-counter stocks jumped 3.70 to a record 418.18.

Since the beginning of the year, the Dow has risen almost 342 points, or about 17 percent. The market closed above 2,200 for the first time on Feb. 5.

Chopard GENEVE advertisement featuring an image of a watch and text: Chopard GENEVE, Gstaad A timeless masterpiece.

Today's gain was part of a trend that began Jan. 2, the first trading day of the new year. Since then, investors have been buying up the 30 blue-chip stocks that make up the Dow industrial average, and paying less attention to less well-known issues.

But he warned that should those perceptions on interest rates and the economy be altered, the downside risk could be "explosive."

Volume rose to 187.8 million shares from 185.4 million on Friday. Advances led declines by a 9-to-4 margin. Broad market indexes also soared to new highs.

Analysts said so far the market has brushed aside recent developments in the insider-trading scandal.

The New York Stock Exchange composite index rose 2.92 to 162.48, surpassing its former high of 160.36, set Feb. 5. Standard & Poor's 500 stock index climbed 5.79 to 285.49, exceeding its previous record level of 281.16, also set Feb. 5. The price of an average share jumped 76 cents.

Tetacore was the most active NYSE-listed issue, down 1% to 33%.

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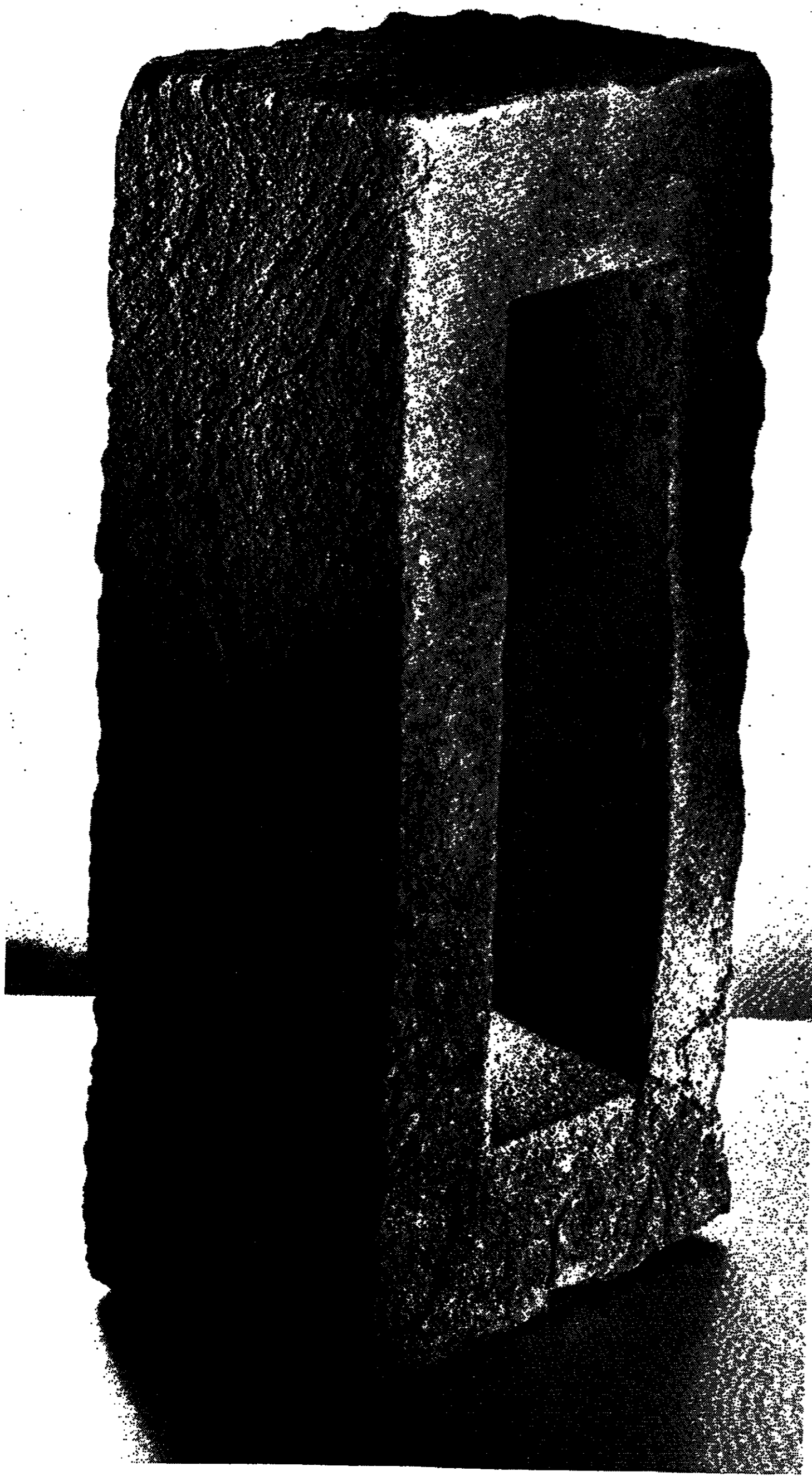
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Handwritten text: 50.000 من الاصل

IT COULD TEACH YOU MORE THAN 3 MONTHS AT THE HARVARD BUSINESS SCHOOL.



A lump of baked clay does, we must admit, make a rather unusual tutor of business management techniques.

But wait. That brick is a Butterley brick. And as Butterley has been part of Hanson Trust for nigh on 19 years, it is the perfect guide to the way we develop our businesses for our shareholders' benefit.

When we acquired Butterley its profits were modest. (Some £300,000.)

Its headquarters were huge. (Ripley, Derbyshire.)

And its management somewhat under-strength. (3 men and no dog.)

First off, we plucked the brightest employees from the ranks and gave them something they'd never had: responsibility.

Since the streets of Ripley are hardly thronged with architects (Butterley's main customers), they decided to open show-rooms in more accessible climes such as Covent Garden.

They decided to add colour to the Butterley range by using clays from as far afield as Caernarvon.

And they decided to increase output by buying and modernising many run-down brick kilns.

Now if you're wondering what part Hanson Trust can claim in Butterley's revival the honest answer is very little.

True, we impose strict financial controls.

True, we vet every item of capital expenditure.

And true, we make sure that bonuses are not payable to the management unless shareholders receive high returns.

But, above all, we believe that managers should be left to run their own businesses. And our belief is endorsed by the facts.

Butterley's profits have risen from £500,000 to over £20,000,000.

Furthermore, Butterley's managers are achieving profit margins well in excess of 25%.

And to the best of our knowledge, not one of them has attended Harvard.



H A N S O N T R U S T

A company from over here that's also doing rather well over there.

Panasonic

INTERNATIONAL

Despite Risks, U.K. Warm

Currency

Interest R

12 Month High Low Stock Div. Yld. PE 100 High Low Stock Div. Yld. PE 12 Month High Low Stock Div. Yld. PE 12 Month High Low Stock Div. Yld. PE 12 Month High Low Stock Div. Yld. PE



Herald Tribune

BUSINESS/FINANCE



WEDNESDAY, FEBRUARY 18, 1987

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INTERNATIONAL MANAGER

Despite Risks, Managers In U.K. Warm to Buyouts

By SHERRY BUCHANAN International Herald Tribune LONDON — U.S. managers eager to run their own show and to make some real money have long been buying the companies they work for. British managers have followed, although on a smaller scale. But other European managers have been less willing to take the risk.

"You have to have guts and stamina," according to one buyout adviser.

ONE difficult management decision is in selecting the team that will run the business once the buyout is completed. That often involves asking some top managers who do not fit in with the business plan to go.

Ken Robb, a research fellow at the center, estimates that for the period between 1983 to 1986, buyouts have created even more jobs.

Another management problem is how to motivate middle See BUYOUTS, Page 14

DnC Sets Share Bonus

Norwegian Bank Omits Dividend

By Juris Kaza Special to the Herald Tribune STOCKHOLM — Den norske Creditbank, Norway's largest commercial bank, said Tuesday that it would pay a share bonus instead of a cash dividend for 1986.

Analysts said the action, marking the first time in recent years that the bank has skipped a cash payout, underscored its growing problems with energy loans and could undermine investor interest in Norwegian issues.

"It would be no problem whatsoever to pay a cash dividend," Mr. Moen declared. He indicated that the parent bank as well as the Den norske Creditbank group, which includes international operations, would report higher operating earnings for 1986 at the end of March, although net earnings declined.

Mr. Moen said the measure was aimed at strengthening the bank's capital base by utilizing hidden reserves. He stressed that the bank had no plans to make bonus issues a substitute for cash dividends in the future.

Net profit in 1985 was 514 million kroner for the parent bank and 557 million kroner for the group.



John Zigarlick Jr., chief executive of Echo Bay Mines Ltd., at Edmonton's airport.

Mining El Dorado at 45 Below At Lupin, Canada's Northernmost Mine, Gold Blooms

By John F. Burns New York Times Service LUPIN MINE, Northwest Territories — When John Zigarlick Jr. arrived at this remote spot just below the Arctic Circle recently he dined on beef stroganoff and strawberries in the mine cafeteria before heading off to the racquetball court for an evening game.

But it is not with the creature comforts that Mr. Zigarlick, 49, has made his most significant mark. Rather, the former Royal Canadian Air Force corporal has gained renown in the Canadian mining industry for successfully tackling problems that have hampered other mineral developments in the far north, mainly

remoteness, transportation difficulties and winter temperatures that can plummet to 45 degrees below zero Fahrenheit (minus 43 degrees centigrade).

Profits from the Lupin mine, in production since 1982, have established Echo Bay to expand rapidly in the United States. In the past two years, the company has acquired five gold mines in Nevada and Colorado and expects to commission two more, in Nevada and California, by the end of 1988.

As a Canadian company, Echo Bay has attracted criticism at home for concentrating its expansion in the United States. But while Mr. Zigarlick is proud of what has been accomplished with the new U.S. holdings, it is Lupin, the cornerstone of the company's fortunes, that he most enjoys.

Eight years after paying Inco Ltd. about \$5 million (6.7 million Canadian dollars) for the mineral rights at Lupin, Echo Bay last year reported earnings of \$29.5 million, up from \$15.2 million in 1985. The largest portion of the profits came from Lupin, a rust-colored complex that sits atop a rocky outcrop in the barren lands, the vast, empty terrain that lies between the northern tree line and the icy shores of the Arctic Sea.

With its U.S. mines rapidly increasing production, the company expects to produce 480,000 ounces of gold this year, 190,000 ounces at Lupin. That would be a 50 percent increase in Echo Bay's total production over last year, enough — assuming a steady gold price — to sustain a further growth in earnings.

Already, the company's shares have risen from an effective initial Toronto Stock Exchange offering in 1983 of 5.83 Canadian dollars (\$4.34) — taking account of a six-for-five stock split — to

Ford's Profit Soars to Record, Surpassing GM

The Associated Press DETROIT — Ford Motor Co., the No. 2 U.S. automaker, reported Tuesday that its profit soared 31 percent to a record \$3.29 billion last year, surpassing General Motors Corp., the industry leader, for the first time in more than 60 years.

Ford's chairman, Donald Petersen, and president, Harold Poling, attributed the record profit to the company's ongoing cost-cutting efforts, which have reduced expenses worldwide by about \$5 billion since 1980.

Ford said the profit, equal to \$12.32 a share, compared with earnings of \$2.5 billion, or \$9.09 a share, in 1985. Revenue rose a strong 19 percent to \$62.7 billion from \$52.7 billion the year before.

They said this improvement should enable the company to remain profitable through a cyclical downturn, even one as severe as that experienced in the early 1980s.

For the fourth quarter, Ford said profit jumped 9 percent, to \$785 million, or \$2.99 a share, compared with \$720 million, or \$2.65 a share, in the 1985 quarter. Revenue shot up 16 percent, to \$16.3 billion, from \$14 billion a year earlier.

Ford said earnings for the year included \$61 million from its wholly owned Ford Motor Credit Co. unit and \$102 million from its First Nationwide financial unit.

The company said it spent \$700 million last year to repurchase shares.

The company said the improvement reflected strong gains both in domestic markets and in Europe.

European profit climbed 71 percent for the year, to \$559 million from \$326 million in 1985. Earnings from all foreign operations came to \$825 million, up 56 percent from \$527 million in 1985.

The Federal Reserve Board said the operating rate rose from a revised 79.5 percent in December, marking the third consecutive month of improvement after five months of little change. The December figure was previously reported as 79.6 percent.

GM said two weeks ago said it earned \$2.95 billion last year, down 26 percent from 1985, although revenue was up 6.6 percent to \$102.8 billion.

Both rivals, but especially GM, have been hammered by huge inventories, costly sales incentive

Factory Capacity In U.S. Rises to 11-Month High

The Associated Press WASHINGTON — Factories, mines and utilities in the United States operated at 79.7 percent of capacity in January, the highest level in almost a year, the government said Tuesday.

The operating rate was the highest since last February's 80.2 percent, but it was still 2 percentage points below levels in the summer of 1984, when U.S. industry hit its high point for the recent economic recovery. One year ago, the figure was 80.9 percent.

Factories making durable goods, items expected to last three or more years, operated at 76.9 percent of capacity while manufacturers of nondurable goods worked at 85.4 percent.

Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and various currencies like DM, Franc, Mark, etc.

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Australia, Canada, Hong Kong, India, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand, etc.

Interest Rates

Table with columns for Term, Rate, and other interest rate data. Includes entries for 1 month, 3 months, 6 months, 1 year, etc.

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IF YOU PURSUE EXCELLENCE, ONLY ONE BANK CAN KEEP UP.

For Republic National Bank of New York, the relentless pursuit of excellence has achieved nothing less than excellent results. Republic has grown to be the 11th largest bank in the United States, in terms of shareholders' equity.

outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra. Republic is firmly committed to such sound, traditional banking practices as diversification



and the maintenance of a strong capital base. The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes.

Underlying every aspect of Republic National Bank's pursuit of excellence is a single, fundamental principle: the protection of depositors' funds.

It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of

your personal finances. Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that country, and experienced account officers who speak your language.

And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale. The pursuit of excellence is our commitment. If that is something you expect of your bank, call us today at our Luxembourg office (352) 470711.

REPUBLIC NATIONAL BANK OF NEW YORK

A SAFRA BANK

NEW YORK MIAMI LOS ANGELES MONTE CARLO LONDON PARIS LUXEMBOURG MONTE CARLO MILAN GENEVA GUERNSEY HONG KONG SINGAPORE TOKYO PANAMA NASSAU BUENOS AIRES SANTIAGO MONTEVIDEO CARACAS MEXICO CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO

Table with columns for Total Assets and Shareholders' Equity. Values: TOTAL ASSETS: US \$168 billion; SHAREHOLDERS' EQUITY: US \$1.6 billion.



It is active in 19 countries around the world, including the important banking centers of London, Luxembourg, Milan, Paris, Hong Kong, Singapore, Montreal, Tokyo, and of course, New York. The dedication to excellence of Republic National Bank is a natural

Gold

Table with columns for Term, Rate, and other gold market data. Includes entries for 1 month, 3 months, 6 months, 1 year, etc.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 17 Feb. 1987

Table of International Funds with columns for fund name, currency, and price. Includes sub-sections like 'Other Funds' and 'Capital Strategy Portfolio'.

US Futures Via The Associated Press

Table of US Futures contracts including Grains (Wheat, Corn, Soybeans), Metals (Copper, Aluminum), and Livestock (Cattle, Hogs).

Currency Options

Table of Currency Options for various international currencies like the British Pound, Swiss Franc, and Japanese Yen.

Financial

Table of Financial data including US Treasury bills, Municipal Bonds, and Government Securities.

Table of Stock Indexes including the NYSE Composite Index, S&P 500, and various international indices.

Which merchant bank offers most to the world's public sector?

Why has Schroders been involved in more privatisations than any other merchant bank? Is it because we offer the depth of resources and breadth of expertise necessary to manage the most intricate and complex transactions?



Whatever the reasons, governments and state industries around the world have benefited from our services being successfully deployed on major assignments in Europe, America, Asia and Australasia?

Paris Commodities

Table of Paris Commodities including SUGAR, COFFEE, and various oils.

London Commodities

Table of London Commodities including SUGAR, COFFEE, and various oils.

S&P 100 Index Options

Table of S&P 100 Index Options with columns for strike price and option type.

Spot Commodities

Table of Spot Commodities including various metals and agricultural products.

Asian Commodities

Table of Asian Commodities including SINGAPORE GOLD FUTURES and RUBBER.

London Metals

Table of London Metals including ALUMINUM, COPPER, and ZINC.

Dividends

Table of Dividends for various companies, including KeyCorp and USUAL.

US Treasuries

Table of US Treasuries including 3-month, 6-month, and 1-year bills.

DM Futures

Table of DM Futures including various currency contracts.

Israel Drones Fail, U.S. Navy Reports

WASHINGTON — The U.S. Navy's first deployment of Israeli-built reconnaissance drones on the battleship Iowa has failed, with four of the five piloted craft crashing in the past month, Pentagon officials said.

Business Profile

INDIVIDUAL CASE HISTORIES OF SUCCESS AND FAILURE - WORLDWIDE

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Week High, Low, Close, Chg. Contains a list of stock symbols and their corresponding prices and changes.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Week High, Low, Close, Chg. Continuation of stock market data.

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NYSE High-Lows

Table listing NYSE High-Lows with columns for stock symbols and their high/low values.

Advertisement for Iberduero Hidroeléctrica Ibérica Iberduero, S.A. featuring the company logo, bond details (DM 100,000,000, 6 1/2% Bearer Bonds of 1987/1994), and a list of participating banks.

Large advertisement for VANOL featuring the brand name in large letters, the slogan 'Never change a winning team.', and a list of international locations where the product is available.

BUSINESS PEOPLE

Fomon Relinquishes Chief's Title at E.F. Hutton

By Arthur Hibgee
International Herald Tribune
E.F. Hutton Group Inc., parent of one of the nation's largest brokerage houses, says that its chairman, Robert Fomon, has relinquished his role in the day-to-day management of the company.

The management change is expected to have no immediate impact. Mr. Ritterseier had been running the firm for more than a year before officially becoming its chief executive, people at the company have said.

In a statement, Mr. Ritterseier said that he was "delighted" Mr. Fomon was continuing as chairman. Mr. Fomon also said in a prepared statement that "the transition in leadership that I initiated almost two years ago is substantially complete. It is time to shift the reins to the new team."

Hewlett Names Science Adviser

International Herald Tribune
GENEVA — Zvonko Fazzarino, developer of computer-based teaching aids for university science programs, has been named senior scientific adviser for Europe by Hewlett-Packard Co., makers of electronic instruments and microcomputers.

BUYOUTS: U.K. Managers Increasingly Take the Risk

(Continued from first finance page)
managers once the buyout has been completed.
One school of thought is to tell middle managers that they can have shares in the company if they perform well.

By Warren Gledler
International Herald Tribune
LONDON — The resignations of two key directors from the Eurotunnel project have added to problems on the British side of the troubled venture, financial analysts said Tuesday.

Eurotunnel Resignations Said to Cloud Project

But analysts said that the departure Monday of Sir Nigel Brookes as nonexecutive director of the British-France consortium, a week after Lord Pencock, the joint chairman, said he would resign, would not sink the "channel."

The £5 billion (\$7.5 billion) tunnel aims to link France and Britain with a 30-mile (48-kilometer) rail system that would handle conventional trains as well as a special shuttle to carry cars and other vehicles. The consortium had hoped to begin construction this fall, and complete the project in 1993.

resignation: "There now appears to be a credibility gap. The resignation of Sir Nigel and Lord Pencock in themselves are not significant. But what is significant is they suggest there is a clear difference of opinion about the way things are to be organized at Eurotunnel."

Beyond the crucial question of private financing, Eurotunnel faces a number of other hurdles, including challenges by lobbying groups out to scuttle the project.

Floating-Rate Notes

Table with columns for Dollars, Pounds Sterling, Deutsche Marks, Japanese Yen, and E.C.U. It lists various floating rate notes with their respective rates and maturities.

Asia Pacific Growth Fund

Weekly net asset value on 12-31-1987 US \$30.13
Listed on the Amsterdam Stock Exchange
Information: Pierson, Helderich & Pierson NV, Herengracht 214, 1016 BS Amsterdam.

Income, Spending Rise in China's Cities in 1986

The Associated Press
BEIJING — Per capita income in Chinese cities rose 6 percent in 1986, while spending climbed 7.5 percent, according to a survey published by the weekly Beijing Review.

INTERNATIONAL CLASSIFIED

Advertisement for International Classified, featuring various job listings and services such as employment, autos tax free, low cost flights, and access voyager.

All of these securities having been sold, this announcement appears as a matter of record only.

Large advertisement for Carlton Communications Plc, representing 4,600,000 American Depositary Shares and 4,600,000 Ordinary Shares. Lists various financial institutions and their contact information.

Advertisement for Escorts & Guides, featuring various travel agencies and their services. Includes contact information for agencies like Regency NY, Zurich, Geneva, and others.

Handwritten Arabic text: "سكيا من الاصل"

BUSINESS ROUNDUP

Piedmont Gets 2 Offers, Picks Norfolk Southern

The Associated Press
WINSTON-SALEM, North Carolina — Piedmont Aviation Inc., parent of the fast-growing Piedmont Airlines, said Tuesday that it had received takeover offers from USAir Group Inc. and Norfolk Southern Corp. and that independent directors had recommended acceptance of the \$1.49 billion Norfolk Southern bid.

The offer by Norfolk Southern, one of the largest U.S. railroads, is for \$65 a share in cash. Piedmont's board is scheduled to meet Thursday.

The announcement came amid persistent rumors that Piedmont, one of the few remaining attractive takeover candidates in the deregulated U.S. airline industry, was a target for acquisition.

Norfolk Southern said three weeks ago that it might bid for Piedmont. It said then that it already held 19.44 percent of Piedmont's 23 million shares outstanding.

The two USAir proposals included a stock swap that USAir valued at \$71 a share, or a combination of \$34 in cash and an unspecified amount of USAir stock, Piedmont said. USAir, which oper-

ates primarily from its Pittsburgh hub, agreed to buy Pacific Southern Airlines in December for \$400 million.

Piedmont, based in Winston-Salem, has grown from a regional carrier into one of the most profitable American airlines. Its fleet of 119 planes serves more than 97 destinations, and last year its earnings rose 8.5 percent, to \$72.4 million, on a 22 percent gain in revenue, to \$1.87 billion.

The company has attributed its success largely to its strategy of concentrating on serving small and medium-size cities — such as Charlotte, North Carolina, and Dayton, Ohio — that larger carriers ignored in the first busy days of deregulation.

Norfolk Southern, based in Norfolk, Virginia, is one of the most extensive U.S. rail systems, with operations in 20 states in the East and Midwest as well as in the Canadian province of Ontario. It had profits last year of \$144.2 million, up 20 percent from 1985, and revenue of \$4.08 billion, up 6.5 percent from the year before.

In recent years, Norfolk Southern has been most widely known for its unsuccessful campaign to buy Consolidated Rail Corp. from the U.S. government.

Norfolk Southern had hoped the purchase would increase its competitiveness against CSX Corp., the other main East Coast rail freight company. But Congress opposed the \$1.2 billion sale, preferring a stock offering to the public.

Printemps Seeks Site for Its First Manhattan Store

New York Times Service
NEW YORK — An Printemps, the largest French department-store chain, is studying four sites in Manhattan for its first New York store.

It would be the first entry of a major foreign department store in the city, despite the interest in U.S. expansion expressed by a number of prominent British retailers including Marks & Spencer, Debenhams and Harrods.

Printemps, with 1986 sales of about \$8 billion, is already further along in its plans for U.S. development. In August, it will open a 95,000-square-foot store [about 29,000 square meters] in Denver's Broadway Plaza.

The Denver store will have translucent, fluted-glass canopies at each entrance leading to sheltered walkways framed with translucent glass and wrought iron. The architecture will be a blend of "Parisian elegance and a dash of Colorado's casual lifestyle," said Gerard Leroy, the company's executive vice president for international development.

Mr. Leroy said he hoped Printemps could open its New York store in a few years, although the plans will depend on the results in Denver. The company already has stores in Japan, Singapore, Malaysia, Saudi Arabia and Gabon.

Dixons Bids \$384 Million For Cyclops

The Associated Press
PITTSBURGH — Dixons Group PLC, Britain's largest electrical equipment retailer, announced Tuesday that it had agreed to buy Cyclops Corp., an electrical retailer and specialty steelmaker based in Pittsburgh, for \$90.25 a share, or \$384 million in cash.

The agreement exceeds an \$80-a-share tender offer for Cyclops from a group led by Stuart A. Rose, chairman of Audio-Video Associates Inc. of Dayton, Ohio.

At least 80 percent of Cyclops' 4.2 million common shares outstanding must be offered for sale, and Dixons' shareholders must approve before the agreement can go through, Cyclops said.

Dixons, based in Edgware, England, will sell Cyclops's steel and nonresidential construction businesses to a subsidiary of Allegheny Corp. of New York, the British company said. The Cyclops name will be retained, and current management will continue running the company from Pittsburgh.

Dixons will retain Cyclops's specialty retailing businesses, which include 119 Silo electronics stores and 11 Busy Beaver home-improvement outlets.

The two chains will be the first American retailing operations for Dixons, which operates three retailing chains in Britain and also has financial services, real estate and film-processing divisions.

The announcement comes after widespread speculation that Dixons, Britain's largest electrical retailer, was planning to move into the North American market.

OIL: Despite Firmer Prices, U.S. Said to Face Almost Inevitable New Crisis

(Continued from Page 1)
 thirds of consumption of noncommunist countries, much of it essential. In the United States, for example, 97 percent of transportation uses oil, for which there is no ready substitute.

Because of the current world surplus, reflected in lower prices, "many people have lost sight of the fact that the oil market is not only very fragile, but it is also controlled by others," said Senator James A. McClure of Idaho, the ranking Republican on the Senate Energy Committee.

U.S. vulnerability in oil cannot be gauged simply by the percentage of imports. The source, price and other factors are also important. But it is agreed that heavy dependence on Mideastern supplies is highly risky.

While U.S. reliance on Gulf oil is far less than it was 15 years ago, the amount imported from the Gulf has climbed of late and Saudi Arabia is becoming an increasingly important supplier. In addition, under an International Energy Agency agreement, the United States is obliged to share oil with the other members of the organization in the event of an oil shortage.

"Overdependence on costly and insecure foreign sources of oil could well be the major national problem of the 1990s," said Charles J. DiBona, president of the American Petroleum Institute, a trade association.

"Few people comprehend that today's problems for the industry threaten the security and economic well-being of the whole nation tomorrow."

While the rise in consumption accelerates, it is the sharply falling level of U.S. production that most

distresses policy makers, industry officials and strategic analysts.

After rising slightly for four years in response to higher prices, output plummeted by 833,000 barrels a day, or about 9 percent, between February and December 1986, according to Energy Department data.

This decline, to 8.35 million barrels a day, brought the U.S. production rate down to the lowest since 1977, when import dependence reached its peak of 48 percent. Imports of crude oil and refined products currently account for about 38 percent of U.S. consumption, up from 31 percent a year ago. At the time of the Arab embargo, the level was 33 percent.

"In less than one year, manipulation of crude oil prices by the dominant Arab OPEC producing countries has offset all of the production gains realized between 1982 and 1985," said Raymond H. Helmer, chairman of the Independent Petroleum Association of America, a trade group representing thousands of medium-size and small operators that drill most new U.S. oil and gas wells.

This year, according to various projections, production will fall an additional 300,000 to 500,000 barrels, to about 17 percent below the

peak production of 9.6 million barrels a day reached in 1970.

Most analysts believe that \$18 oil is not enough even to arrest this drop, much less reverse it.

"I don't think it gets the job done," said G. Henry Schuler, an energy specialist at the Center for Strategic and International Studies here. "It's not enough to assure the activity we need in this country."

Moreover, he and other analysts maintain, the fact that oil collapsed to below \$10 a barrel in recent memory makes oil men and their bankers unwilling to assume that the current price will hold.

There are signs this week of cheating on OPEC quotas, and a major test will occur when the winter heating season ends in the next several weeks.

"The thing in the back of everybody's mind is that the \$18 price is attached to a high degree of risk," said Herbert W. Krupp, senior energy economist for Bankers Trust Co. "Once you've seen \$10 oil, you're scared."

Theodore R. Eck, chief economist for Amoco Corp., the fifth largest U.S. oil company, estimated that it would take an oil price "in the mid-\$20s" before there was a significant rise in exploration activity.

Another reason for concern, according to the chairman of fourth-ranked Chevron Corp., George M. Keller, is that, unlike in the 1970s, there are no major oil discoveries, such as at Alaska's Prudhoe Bay and in the North Sea, that await development.

And while the cost of drilling has fallen, the inclination is to drill in proven areas rather than to explore offshore and other frontiers where there is the best chance of finding sizable quantities.

Despite the dim prospects for maintaining even current levels of oil sufficiency, the Reagan administration believes there is relatively little the government can, or should, do about it.

Mr. Hodel and many others believe that the government was mainly responsible for the oil problems of the 1970s because of its controls on prices and its counterproductive efforts to allocate diminished supplies. "We caused the shortage," Mr. Hodel said.

A major review ordered by President Ronald Reagan of energy dependency and national security, which is to be unveiled next month, is expected to lay out the impact and costs of possible government interventions, such as imposing an import fee on foreign oil.

Nigerian Commodity Debts
Reuters
LAGOS — Nigeria's six commodity boards, which owe the central bank 1 billion naira (\$258.27 million), official sources said Tuesday.

COMPANY NOTES

Abitibi-Price Inc., the world's largest newspaper producer, said net earnings rose 7 percent in 1986 to the equivalent of \$77.3 million, or about \$1.05 a share, from \$72.1 million, or \$1.02 a share, a year earlier. Abitibi-Price, 83 percent owned by Gulf Canada Corp., said earnings last year benefited by \$12.2 million because of new accounting procedures.

Alcan Australia Ltd.'s net earnings fell 34 percent to 10.63 million Australian dollars (\$7.03 million) in 1986 from 16.16 million in 1985, despite a 26 percent rise in sales to \$36.5 million dollars from \$45 million. The profit decline reflected a turnaround to a 6.92 million dollar tax provision from a 4,000 dollar credit in 1985, plus rises in interest and depreciation.

Bond Corp. International Ltd. has bought an office building in Hong Kong's Central business district from a subsidiary of Sino Land Ltd. for 1.9 billion Hong Kong dollars (\$243.5 million).

Carrier China Ltd., a subsidiary of U.S.-based United Technologies Corp., has formed two joint ventures with Chinese manufacturers in Shanghai to produce air-conditioners and related products. The new companies will be known as Shanghai Tong Hui-Carrier

Air Conditioning Equipment Co. and Shanghai Hezhong-Carrier Co.

Corvis Corp. of the United States has agreed to sell its pacemaker products operations to Teletronics Holdings Ltd. of Australia. Teletronics will pay an undisclosed amount and assume certain liabilities.

Compaq Computer Corp. has introduced the Compaq Portable III personal computer, which it says incorporates a microprocessor with the power of a high-performance desktop computer. Model 1, Model 20 and Model 40 of the new line have suggested prices of \$3,999, \$4,999 and \$5,799.

Fermenta AB, the Swedish biotechnology company, will launch two share issues expected to raise 160 million kronor (\$24.54 million). It said the issues will help solve short-term financial problems but gave no other details. Earlier this month it obtained 110 million kronor from creditor banks.

Fuji Bank, one of the major Japanese commercial banks, has established Fuji Leasing (Deutschland) GmbH in Düsseldorf, West Germany. It will offer services covering mainly industrial equipment and offices to Japanese enterprises expanding production in West Germany, particularly in electronics.

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1987 good reasons to see Thailand this year

Majestic temples and magnificent elephants, glittering roofs and garlands of orchids, shimmering seas and shimmering silks, fascinating markets and fabulous silver, enchanting people and exotic cuisine...one could write a long book about the land they call Thailand (and many seasoned travellers have).

And never has there been a better year to see Thailand than 1987. For this is "Visit Thailand Year" in the Land of Smiles.

Among the kaleidoscope of festivities planned for 1987 you should try to catch some of these:

- Jan. 24-30. Don Chedi Memorial Fair** featuring historic and folk art exhibitions as well as traditional entertainment in Central Thailand.
- Feb. 13-15. Chiang Mai Flower Festival.** A million blooms, a thousand smiles. One of the unforgettable moments of your life.
- April 3-13. The Glory of Ayutthaya.** A spectacular son et lumiere, set in Ayutthaya, once the capital of Siam.
- April 13. Songkran Festival - The Thai Lunar New Year.** A nationwide water festival where you'll see the most extraordinary rituals. Everything from "water-throwing" to the freeing of caged birds, from folk dancing to beauty parades.
- May 9-10. Bun Bang Fai Festival.** "Bang" indeed. Each May, in the northeast of Thailand, villagers fire giant 20-metre rockets into the sky to ensure the monsoons come (and they always do). A fireworks show like no other you've ever seen.
- July 10-11. Candle Festival.** In the northeast town of Ubon Ratchathani, beautifully embellished beeswax candles, some 25cm in diameter and 2 metres high, are ceremoniously paraded through the streets before being presented to temples.
- Sept. 23-Oct. 1. Vegetarian Festival.** Fire-walking and vividly colourful parades in Phuket celebrate the Vegetarian Festival of Thailand's Chinese descendants.
- Oct. 16. Royal Barge Procession.** An armada of brilliant colours, pageantry and rare splendour not to be missed.
- Nov. 5. Loy Krathong.** Celebrated nation-wide, this is Thailand's loveliest festival when, under the full moon, Thais from all walks of life honour water spirits and wash away the previous year's sins by floating away onto rivers and waterways small banana-leaf boats bearing a lighted candle, incense, a flower and a small coin.
- The former capital of Sukhothai provides a particularly picturesque setting for this festival.
- Nov. 14-15. The Elephant Round-Up.** Ever seen 100 elephants enact a mediaeval War Parade? You will if you come to Surin in northeast Thailand for this extraordinary display of intelligence, strength and gentleness.
- Nov. 26-Dec. 4. River Kwai.** Come to a thrilling son et lumiere spectacle set around the world-famous bridge.
- Nov. 22. Bangkok Marathon.** A major sporting event commemorating His Majesty the King's 60th Birthday Anniversary.
- Dec. 15. Light and Sound Presentation.** A glittering occasion not to be missed at the Royal Grand Palace and the Temple of the Emerald Buddha.

These are only a small selection of the truly stunning special events that mark 1987 as Visit Thailand Year - events that also include a Floral Float Contest in March and the Ploughing Ceremony on May 8 which marks the beginning of the official rice-planting season.

Make your holiday plans now. And make sure you fly on Thailand's own airline, Thai International.

Where the exotic sensations that are Thailand start from the moment you step on board.

سك: اءن الاصل

Tuesday's AMEX Closing

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, Sta. High, Low, Close, Chg. Includes various stock listings and their performance.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, Sta. High, Low, Close, Chg. Continuation of stock listings.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, Sta. High, Low, Close, Chg. Continuation of stock listings.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, Sta. High, Low, Close, Chg. Continuation of stock listings.

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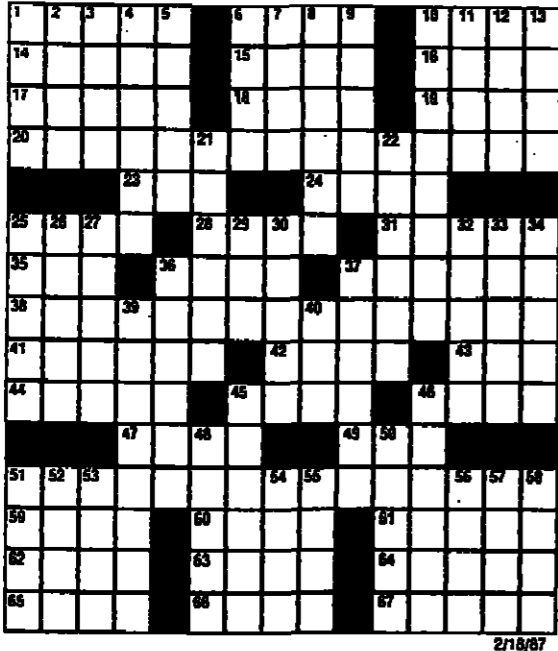
Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, Sta. High, Low, Close, Chg. Continuation of stock listings.

AMEX Highs-Lows table with columns: NEW HIGHS, NEW LOWS, and various stock symbols.

Dunhill advertisement featuring a pack of cigarettes and the text: 'Internationally acknowledged to be the finest cigarette in the world'.

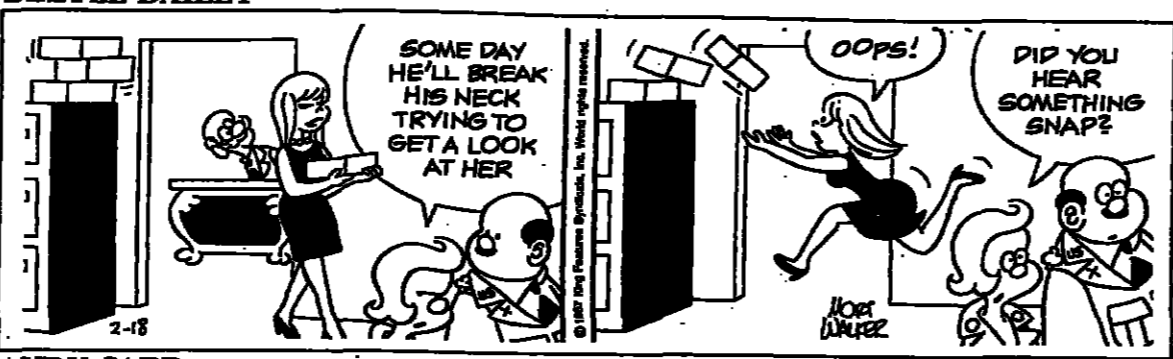
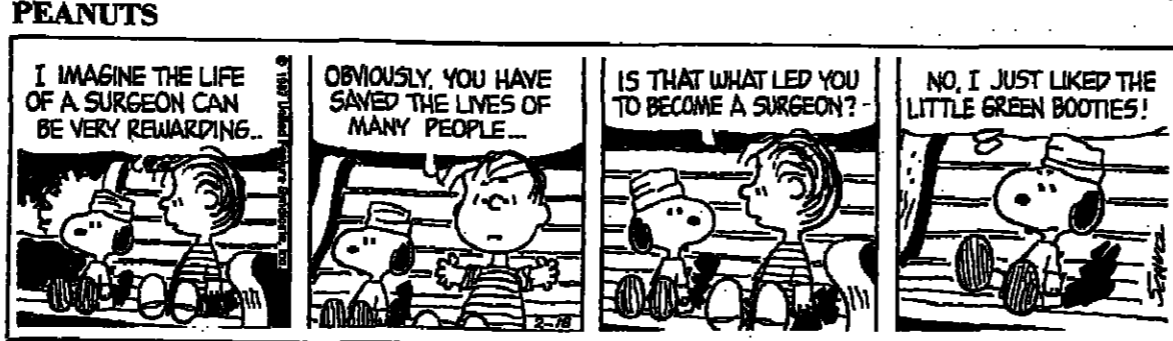
International Herald Tribune advertisement featuring a large '54%' discount graphic and a table of subscription rates for various countries.

Vertical advertisement on the right edge of the page, including 'CURRENCY M Dollar Store', 'FUROMARI Perpetual FR', and 'OTC Prices'.



ACROSS
1 Sheds skin
6 French secular clergyman
10 Bears' lairs
14 Lolluz
15 Bearing
16 Dies
17 Presidential Chief of Staff
18 "We is me!"
19 Resume
20 Be decisive
23 "How's that?"
24 Palindromic document
25 Doubtful
26 Scance sounds
31 "Three..."
35 Denver Nuggets' coach
36 Pride of the Prado
37 Word with oil or split
38 Be decisive
41 Like a teenager's bed?
42 Plane or level
43 Brown of the Band of Renown
44 Emulates Robert Giroux
45 Educator
48 Horace
49 Wriggling
47 Native state of Meredith
48 Willson

PEANUTS



DENNIS THE MENACE



JUMBLE

A word game called Jumble. It consists of a grid of letters with some letters circled. The instructions are to unscramble the four jumbles, one letter to each square, to form four ordinary words.



WEATHER

A table showing weather forecasts for various regions including Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania. It includes high and low temperature predictions.

BRIDGE

By Alan Truscott
A FAMILIAR problem relates to the opening lead against a slam contract in a suit: it is appropriate to lead an ace?
There is no general answer, but a player who always leads an ace will be right more often than not.

A large table titled 'World Stock Markets' showing stock prices for various countries including Amsterdam, London, Hong Kong, Brussels, Frankfurt, Tokyo, Sydney, Zurich, and Tokyo. It includes columns for stock names and their respective prices.

BOOKS

NIGHT OF THE FOX
By Jack Higgins. 316 pages. \$17.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by John Toland
THOSE who were entranced by "The Eagle Has Landed" will not be disappointed by Jack Higgins's latest suspense novel. They will be carried away by his account of a fictional episode in World War II: a mission to rescue from behind Nazi lines an American colonel named Kelso who knows the exact date and place of the D-Day landing.

BEST SELLERS

A table listing best-selling books. It includes columns for the book title, author, and the number of weeks on the list. Books listed include 'Windmills of the Gods', 'The Search for Signs of Intelligent Life in the Universe', and 'The Frugal Gourmet'.

Solution to Previous Puzzle

A crossword puzzle solution grid. The grid contains the following words: JILTS, BRA, BORE, ADORE, WRIT, EVEN, POWERHOUSE, CENT, ELSA, ERNES, ARTE, APSIS, ETA, LEO, ROUSTS, IRE, WED, APPEALS, RIVIERA, BEE, TYR, BEDRID, RYE, OCS, NESTS, AMOS, ABASH, LEDA, YAWS, HORSEPOWER, OBEY, AGENT, NERD, EST, LYRES.

BRIDGE

By Alan Truscott
ate for more than one reason on the diagramed deal from a recent mixed pair event in Garden City, Long Island, New York. When West chose a passive trump lead, he gave South an opportunity.
South was a foreign visitor, Mike Saunders of Bookham, England, playing with Flo Goldman of Franklin Square, Long Island. It might seem that the contract was due to fail in any event, but the declarer drew a useful inference.

A table showing bridge game results. It includes columns for North, East, South, and West, along with the score and the name of the declarer. Games listed include 'NORTH (D)', 'WEST', and 'SOUTH'.

BRIDGE

finessed on the way back, gathering in the top. He was then able to discard dummy's spade, and a club was surrendered to make the slam en route to victory in the event.

A table showing bridge game results. It includes columns for North, East, South, and West, along with the score and the name of the declarer. Games listed include 'NORTH (D)', 'WEST', and 'SOUTH'.

SPORTS

Soccer's Elite: Continued Striking Success

International Herald Tribune
LONDON — A goal-scoring ought not to mature with age. The essence is youthful optimism, fast reflexes, imperviousness to bludgeoning tackles.

around him. Yet Altobelli became a man in waiting. He set out toward the end of Luigi Riva's domination of Italian goal-scoring and then became second-best to Paolo Rossi. The Italian fixation is with one scorer at a time; when Riva ruled, it was said you could kill him and still everyone would pass the ball to his left foot.

Altobelli's time came in 1986, with both Rossi and Italy on their knees. In 11 internationals, he struck 12 goals; even in Italy's abortive run for the World Cup he notched four in four games; and he could even afford to miss two penalties against Malta in December and still finish as the year's most prolific international marksman.

The team already has Welsh striker Ian Rush on hold for next summer. Liverpool, Rush's present owner, has already received part of the fee of £3 million (\$4.56 million), and a Rush hat trick in the league last Saturday further emphasized how Liverpool's loss will be Juventus's gain.



Alessandro Altobelli, right, has soared to the top with Inter Milan.

Mattingly Is Awarded Record \$1.975 Million

The Associated Press
NEW YORK — Don Mattingly of the New York Yankees on Tuesday was granted the largest baseball salary arbitration award in the 13-year history of the procedure, winning a \$1.975 million one-year contract.

VANTAGE POINT/George Vecsey
Should Pros Go for the Gold?

New York Times Service
NEW YORK — The late Supreme Court Justice Potter Stewart once wrote that he could not define hard-core pornography, but that "I know it when I see it."



Jimmy Connors, the ultimate pro, posing for a publicity shot.

Our boy plays for prize money, he exhibits for even bigger money, he endorses products, he seeks employment as a television commentator and he makes faces and gestures in public when the mood strikes him.

by Samaranch knows that the state-subsidized athletes of the Soviet bloc are true professionals, even if they are listed as agrarians, soldiers and teachers.

SCOREBOARD

Table with columns for Basketball, Hockey, and NHL Leaders. Includes NBA Standings, Eastern Conference, Western Conference, and NHL Standings.

NBA Leaders

Table showing NBA Leaders for Team Offense and Team Defense, listing players like Magic Johnson and Larry Bird.

College Top-20 Ratings

Table showing College Top-20 Ratings for various sports, listing schools like Notre Dame and Michigan.

U.S. College Results

Table showing U.S. College Results for various sports, listing teams like Stanford and Duke.

Transition

BASEBALL
CLEVELAND—Reached agreement with Pat Tabler, infielder, on a one-year contract.

Tennis

Pro Leaders
(Through Feb. 15)
MEN
1. Stefan Edberg, 21,463.2, 2. Tim Mayotte, 21,463.2.

Tennis

Women
1. Hana Mandlikova, 21,463.2, 2. Zina Garrison, 21,463.2.

Advertisement for IB 1735 Blancpain watches, featuring a watch image and the text 'Since 1735 the oldest name in swiss watchmaking. Embassy Palace Arcade 7500 St. Moritz'.

